

CITY OF YUBA CITY  
STAFF REPORT

**Date:** January 19, 2021  
**To:** Honorable Mayor & Members of the City Council  
**From:** Development Services Department  
**Presentation By:** Benjamin Moody, Development Services Director

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**Summary:**

**Subject:** Richland Village Affordable Housing – Regional Housing Authority Funding Request

**Recommendation:** A. Approve a Council determined funding amount contingent on the successful project approval from the state Affordable Housing and Sustainable Communities program, for a proposed multiphase 176-unit affordable housing complex.

B. Establish a funding commitment time duration of two years, to coincide with the validity of the initial development plan approval period. Any extensions of the funding duration are to be null and void without reconsideration by Council.

**Fiscal Impact:** RHA Request:  
\$1,000,000 Low-Mod Income Housing Asset Fund  
\$ 200,000 Homes 2 Families Capital and Maintenance Accounts  
\$1,000,000 SB2 Permanent Local Housing Allocation (PLHA)

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**Purpose:**

To assist in the production of additional affordable housing in Yuba City.

**Background:**

In October 2020 the City received a development plan application for the entitlement of a multiphase 176-unit apartment complex from the Regional Housing Authority (RHA) located in the Richland Housing area, adjacent to the airport, see Attachment B.

The development titled “Richland Village” proposes to construct, a 176-unit affordable apartment home community on a 4.9-acre site at 470 Bernard Drive (APN 53-470-091) in Yuba City. The community will consist of one, two, and three-bedroom units in eight residential buildings, with a 2,795 square foot community center, and outdoor amenity spaces.

- *The project was originally planned for phased construction due to financing limit, but with recent changes to the low-income tax code with the passing of the federal stimulus law the project is proposed to be constructed in one phase at an estimated cost of \$66M*

The RHA is applying for project financing through the California Department of Housing and Community Development's (HCD), Affordable Housing and Sustainable Communities (AHSC) program, with the applications being due February 2021. If AHSC funds are awarded, the RHA will then apply for Low-Income Housing Tax-Credits to the California Tax Credit Allocation Committee. Additionally, the RHA is considering applying for HCD-HOME funds in an upcoming funding round.

**Analysis:**

In order to finance the Richland Village development project, the RHA is applying through a competitive program with HCD. With the idea that the project will be more competitive for available funding, if matching funds are designated in the application.

To help provide those matching funds, the RHA has requested City funding, contingent on the successful application, via funds designated in the City's Low-Mod Income Housing Asset Fund, Homes 2 Families Capital & Maintenance Accounts, and funds to be received through the City's SB2 Permanent Local Housing Allocation (PLHA).

The current fund balance for those programs are:

Low-Mod Housing Asset Fund	\$1,093,971.30
Home 2 Families Capital & Maintenance Account	Capital Reserves: \$9,460.61 Operating Reserves: \$287,282.43
SB2 – PLHA (50% of available funds* are currently designated for housing)	\$886,825 of \$1,867,000 total 5-year projection

\*SB2 funding is received in annual allotments based on actual revenues, with the City planning to retain 5% for administration.

***Low-Mod Housing Asset Fund***

The Low-Mod Housing Asset Fund is from the City's sale of homes located on the north side of Bridge Street, for the future roadway widening project. The homes were originally purchased with Homes 2 Families (H2F) funds, for low-income housing, with origins tied to the past Redevelopment Agency (RDA). With the purchase of the homes for roadway purposes using Road Impact Fees, the proceeds were set aside into the Low-Mod Housing Asset Fund.

The Low-Mod Housing Asset Fund can be used for new deed restricted affordable housing projects and construction of homeless shelters. The funds cannot be used for routine maintenance or general operations of affordable housing projects or homeless shelters.

***Homes 2 Families Account***

The Homes 2 Families Account (H2F) is held by the RHA and was generated through rent payments from tenants. H2F was a City-initiated project where 19 single-family homes were purchased and then managed by the Regional Housing Authority. The City currently has nine H2F homes in the program.

***SB2 – PLHA***

Senate Bill 2 (SB2) was signed into law by Governor Brown on September 29, 2017 and took effect January 1, 2018. It created a \$75 fee on certain real estate transaction documents when

they are recorded, capped at \$225 per transaction. The fee does not apply to sales of residential and commercial properties but instead to other transactions like mortgage refinancing and county fixture filings.

SB2 established the Building Homes and Jobs Trust Fund, beginning in 2019, which allocates funds to local governments for eligible housing activities, with the intent to provide a permanent source of funding to local governments for housing-related projects and programs that address the unmet housing needs in their communities. This funding program is referenced as SB2 – Permanent Local Housing Allocation (PLHA).

At the Council's July 21<sup>st</sup>, 2020 meeting, Council designated 50% of the available annual funds, for the predevelopment, development, acquisition, rehabilitation, and preservation of affordable, multifamily rental housing projects identified by the City. With the other 50% designated to help fund supportive services and programs for the local homeless population and other qualified homeless services providers.

If there is a shift in priorities, staff is able to re-allocate 10% of the funding without having to amend the PLHA Funding Plan with HCD. Should Council decide to allocate funding in excess of the 10% threshold, Council will need to approve an updated PLHA Funding Plan and submit to HCD for review and approval prior to distributing the funding.

- *Additional consideration/formalities may be required with the use of this funding source, with the funds being received in annual allotments vs. a lump sum payment based on multiple years of accrual.*

### **Fiscal Impact:**

The funding request proposes to utilize available funds from the City:

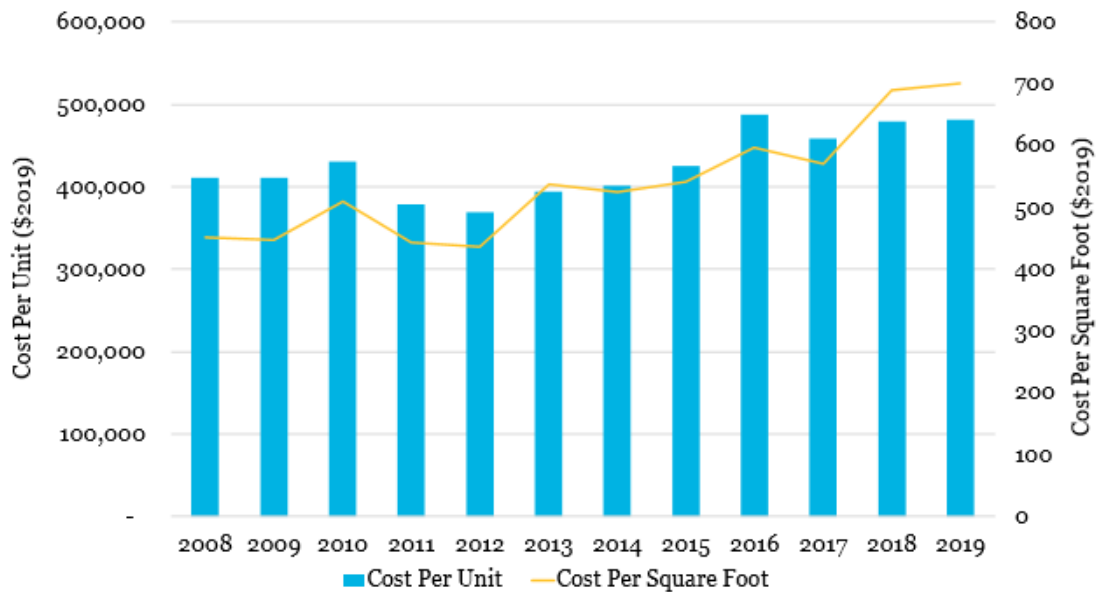
- Low-Mod Housing Asset Fund: \$1,000,000
- Home 2 Families Capital & Maintenance Account: \$200,000
- SB2 – PLHA: \$1,000,000

Total request is \$2,200,000 for the entire 176-unit development.

The project cost for 176 units is estimated in the amount of \$66M when budgeting for the entire project, including relocation costs, financing terms/requirements, design, construction, fees, etc. Placing the cost at approximately \$375,000/unit.

The current 40-unit New Haven Apartment complex development is budgeted at an approximate cost of \$325,000/unit. In 2019 the average cost for an affordable housing unit in California was approximately \$480,000/unit. The highest in the nation. Portions of the high costs for affordable housing are attributable to prevailing wage requirements, high construction and material costs, owners/contractors meeting federal and state requirements, anticipated time delays and costs associated with project financing.

Figure 1: Total Development Costs, LIHTC 9% New Construction Projects, 2008 - 2019



Source: Turner Center Analysis of TCAC 9% LIHTC Project Applications. All figures adjusted for inflation.

The RHA has worked with City staff to provide a project design that tries to find a balance between the lowest cost options and meeting federal and City design standards to produce a product that is attractive, durable, yet reasonably value engineered.

#### Low-Mod Housing Asset Fund

The requested amount would utilize the current majority of available Low-Mod Housing Asset Funds. At the June 4, 2019 City Council meeting, Council members expressed a willingness to reserve a minimum balance in the fund for potential “temporary” housing needs associated with homelessness. Since that time funding associated with SB2 – PLHA and Federal CARES act funding have become available to help offset a small portion of those needs, but are potentially more restrictive in use.

#### Home 2 Families

The RHA proposes to reduce the H2F fund to a level that will remain viable to manage the remaining nine homes in the program.

#### SB2 – PLHA

The requested amount would utilize approximately 56% of the total available SB2 – PLHA funds. Thus, reducing the available funds for homelessness related items to 44% under the program.

- *The RHA recognizes that this is a substantial request and therefore will respectfully accept any amount the City Council is willing to commit towards the project. With the basis that the higher the funding match provided increases the project’s competitiveness and ultimate likelihood of receiving grant funding.*

The RHA is also anticipating to approach Sutter County to request the deferral and/or waiver of a portion of their development impact fees to aid the project application and financing. Sutter County’s current multi-family impact fee is \$2,577/unit, totaling approximately \$455,00 for improvements, with the community center.

Should the project be awarded and proceed, the project would be subject to standard City development costs, including; building, planning, fire, infrastructure, utility, and impact fees.

- *City impact fees, (not including utility connection costs or levee fees), for the 176 multi-family units, with the Community Center total to approximately \$1.6M.*

Due to the competitive arena associated with the financing of affordable housing and the needed coordination of multiple funding sources for the project, the RHA requests Council ***consider the commitment of the funds to be valid up to the expiration of the entitlements.***

The City's Municipal Code establishes a two-year period from approval of the entitlement, with the ability for time extension requests to be considered by the Council prior to the expiration date, for the development plan to remain valid.

**Alternatives:**

1. Require that any funds provided by the City are first applied toward City impact and development fees.
2. Propose alternative funding amounts and sources.
3. Propose alternative durations of commitment for funding.
4. Do not approve the request at this time.
5. Provide staff with further direction.

**Recommendation:**

A. Approve a Council determined funding amount contingent on the successful project approval from the state Affordable Housing and Sustainable Communities program, for a proposed multiphase 176-unit affordable housing complex.

B. Establish a funding commitment time duration of two years, to coincide with the validity of the initial development plan approval period. Any extensions of the funding duration are to be null and void without reconsideration by Council.

**Attachments:**

- A. RHA Funding Request
- B. Project Location / Site Plan
- C. Proposed Development Project Elevations

**Prepared By:**

*/s/ Benjamin K. Moody*  
Benjamin K. Moody  
Development Services Director

**Submitted By:**

*/s/ Diana Langley*  
Diana Langley  
Interim City Manager

**Reviewed by:**

Finance

SM

City Attorney

SLC by email

# ATTACHMENT A



# REGIONAL HOUSING AUTHORITY

Serving the Cities of Live Oak, Yuba City and Colusa • Counties of Sutter, Nevada, Colusa and Yuba

1455 Butte House Road • Yuba City, CA 95993

Phone: (530) 671-0220 • Toll Free: (888) 671-0220 • TTY: (866) 735-2929 • Fax: (530) 673-0775

[www.RegionalHA.org](http://www.RegionalHA.org)

December 1, 2020

Ben Moody  
Development Services Director  
City of Yuba City  
1201 Civic Center Boulevard  
Yuba City, CA 95993

**Re: Richland Village  
470 Bernard Drive, Yuba City**

Dear Mr. Moody:

Per our recent discussions, this letter serves as a follow up to our conversations regarding the financial request of the City for the project. As you know, we are applying to State-HCD in February 2021 for financing from the Affordable Housing & Sustainable Communities (AHSC) program. Enclosed with this letter is a project description narrative for your reference.

For feasibility purposes, we must phase the project into two phases, with the first phase totaling 92 dwelling units and the community center.

As you know, local government funds are vital for the financial feasibility of the project, and for competitive purposes as well. The total hard construction cost of the first phase is approximately \$26,000,000. This number is a moving target as construction costs continue to rise, and equity rates in the capital markets continue to be unstable and lower than the pre-COVID days. However, the cost analysis was prepared in consultation with the General Contractor, and we used our analysis of current projects under construction and in the pipeline to confirm market costs. This project will trigger the higher of State prevailing wages, and federal Davis-Bacon wages.

The financial commitment requested of the City is the following:

- \$1,200,000 from the City's earmarked Low-Mod Income Housing Fund (formerly RDA)
- \$1,000,000 from the City's SB2 Permanent Local Housing Allocation (PLHA)

I would be happy to answer any questions you may have or provide any additional information you may need. Our application to State-HCD is due February 1, 2020, therefore a letter of commitment for our application would be ideal about a week prior, giving us enough time to package the application for submission.

Please feel free to call or email at any time, I can be reached at (530) 671-0220 ext. 113, or by email at [g.becerra@regionalha.org](mailto:g.becerra@regionalha.org).



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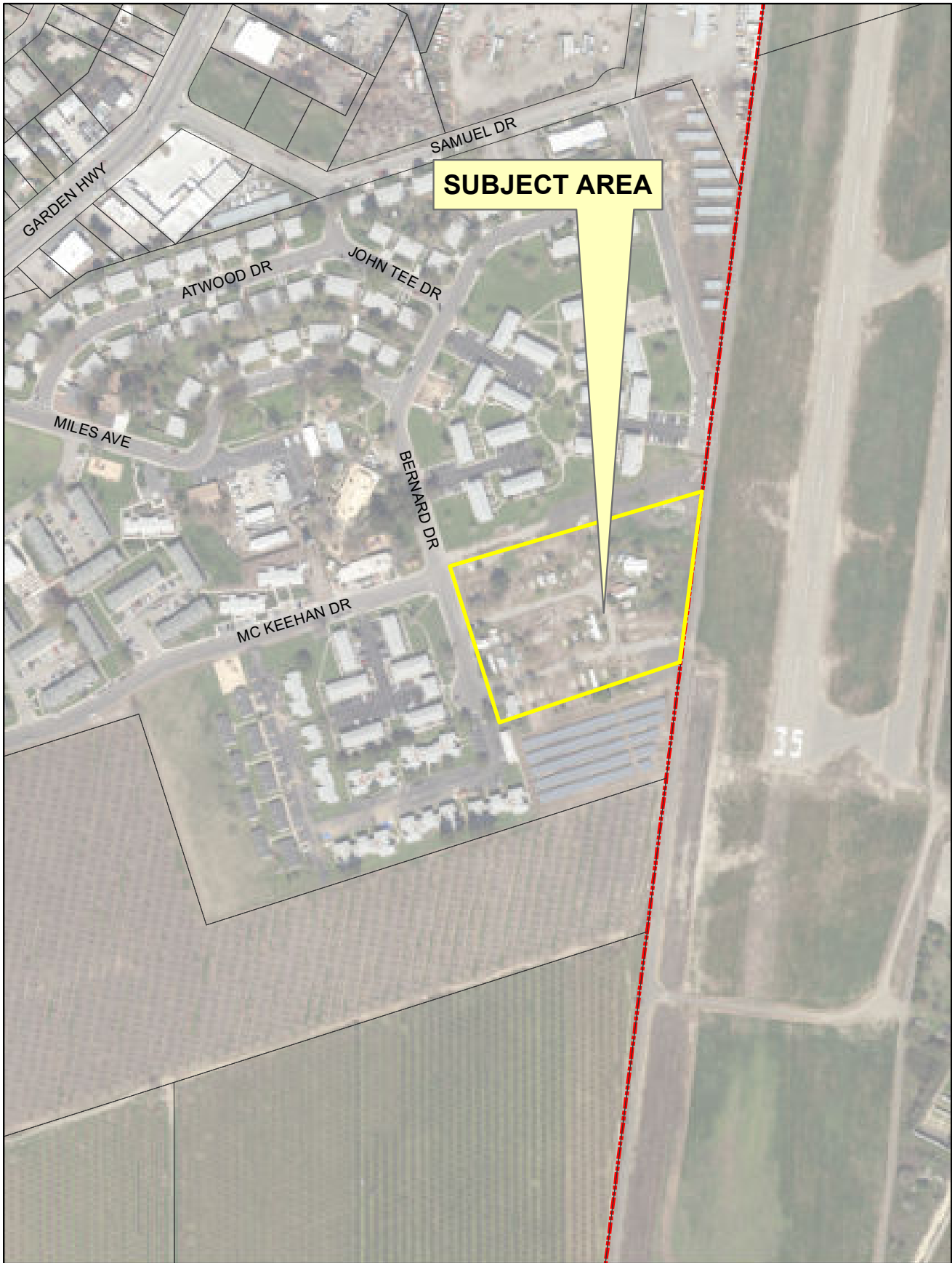
I look forward to hearing from you and partnering with the City on this project.

Sincerely,

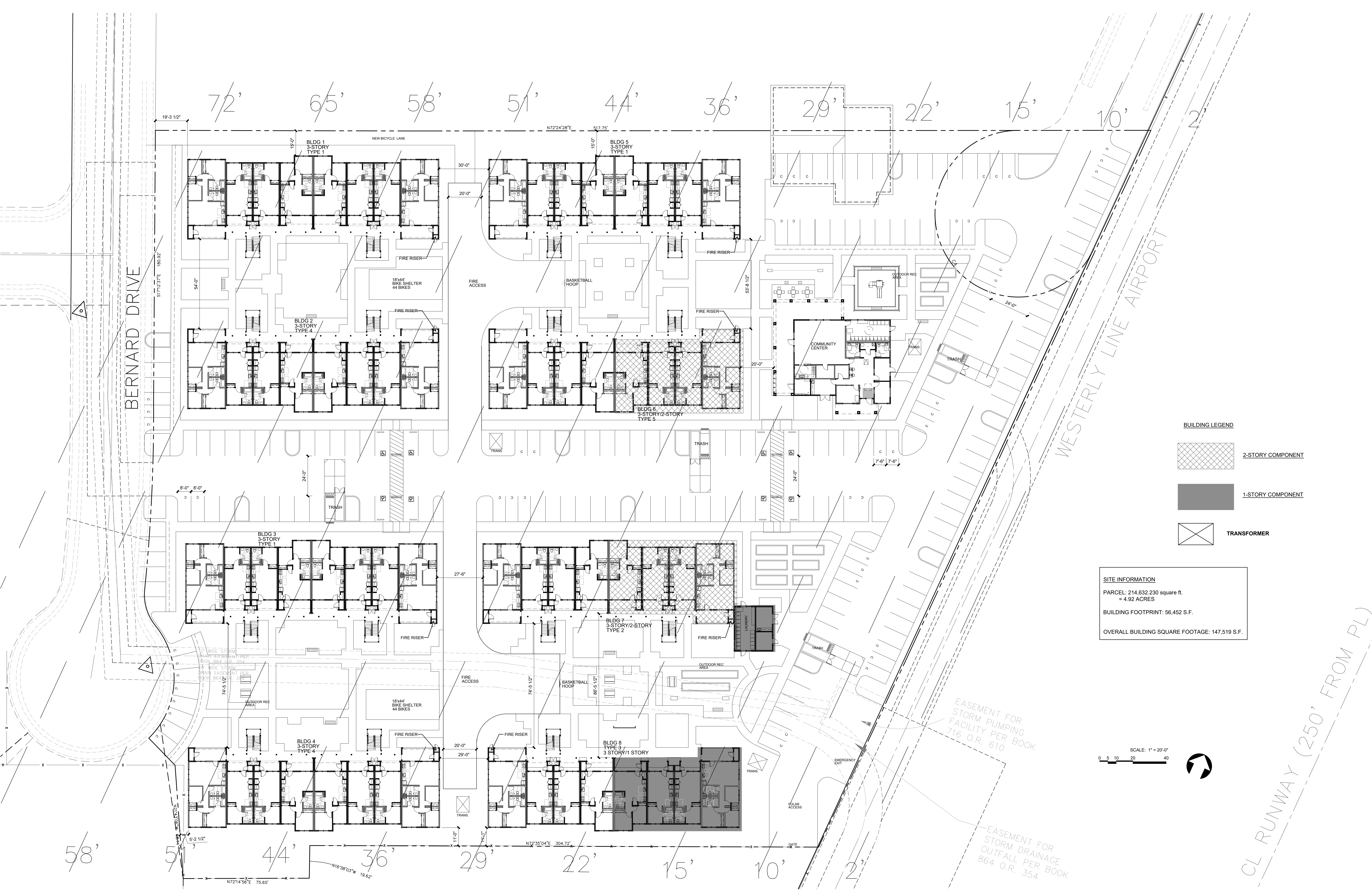
Gustavo Becerra  
Executive Director



# ATTACHMENT B



Development Plan 20-03: Richland Village  
Apartments

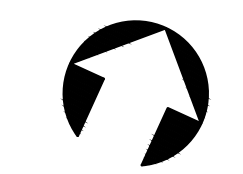


**BUILDING LEGEND**

	2-STORY COMPONENT
	1-STORY COMPONENT
	TRANSFORMER

**SITE INFORMATION**  
 PARCEL: 214,632,230 square ft.  
 = 4.92 ACRES  
 BUILDING FOOTPRINT: 56,452 S.F.  
 OVERALL BUILDING SQUARE FOOTAGE: 147,519 S.F.

SCALE: 1" = 20'-0"  
 0 5 10 20 40



# Richland Village

470 Bernard Drive  
 Yuba City, California

SITE PLAN



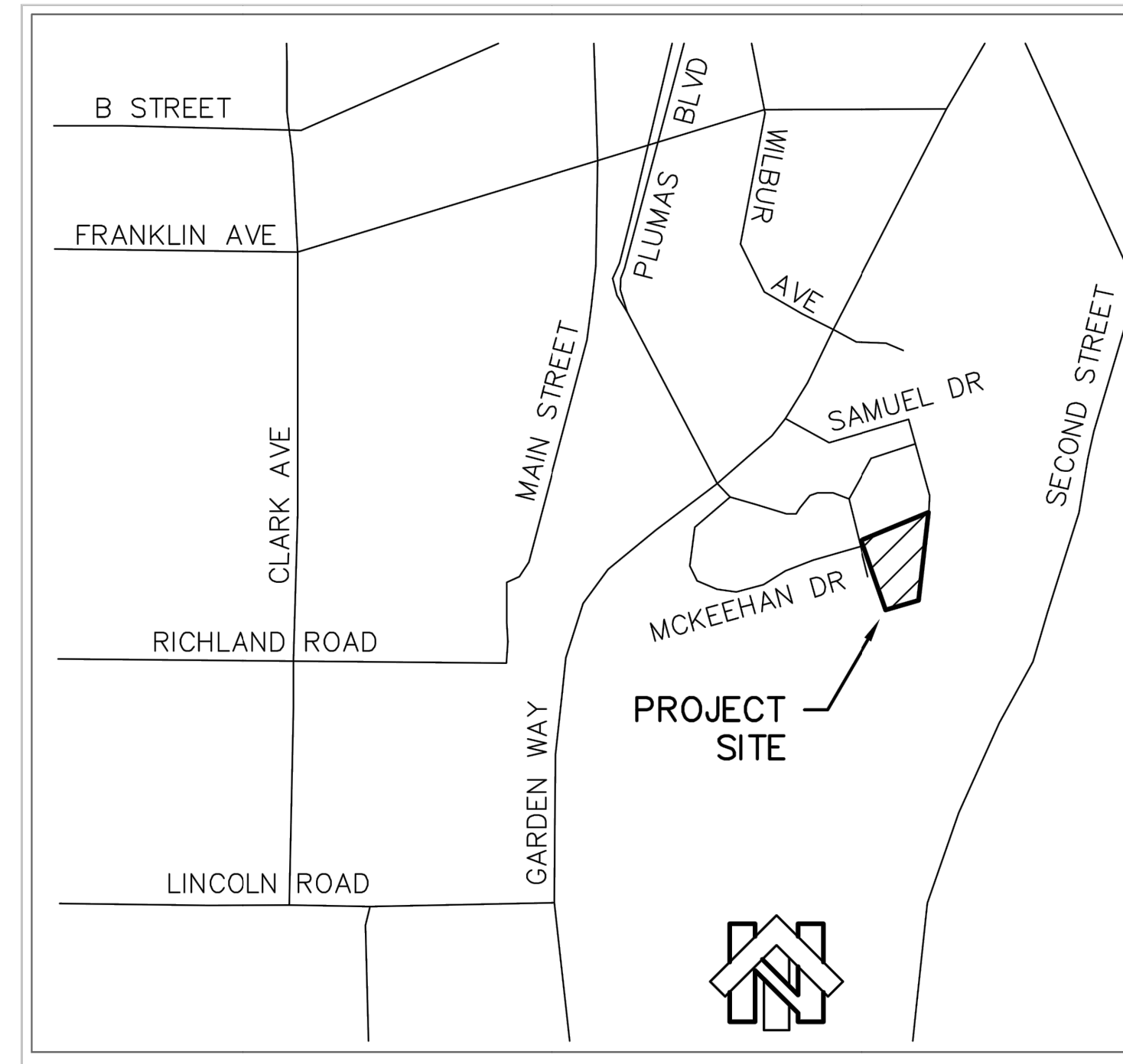
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DECEMBER 4, 2020

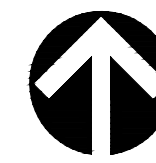
# ATTACHMENT C

# RICHLAND VILLAGE

470 BERNARD DRIVE  
YUBA CITY, CALIFORNIA



VICINITY MAP  
NOT TO SCALE



## PROJECT SUMMARY

**PROJECT LOCATION JURISDICTION** RICHLAND VILLAGE  
470 BERNARD DRIVE YUBA CITY, CA.  
YUBA CITY

**APN** 53-470-091  
**SITE AREA** 4.92 ACRES

**DWELLING UNITS**

1 BEDROOM UNITS	88	50%
2 BEDROOM UNITS	44	25%
3 BEDROOM UNITS	44	25%
<b>TOTAL DWELLING UNITS</b>	<b>176</b>	<b>UNITS</b>

## PARKING SUMMARY

**PARKING REQUIRED**  
1.1 SPACE PER UNIT

**TOTAL PARKING REQUIRED =** 194

**PARKING PROVIDED**

FULL SIZE SPACES	124
COMPACT PARKING SPACES	52
ACCESSIBLE SPACES	8

**TOTAL PARKING PROVIDED:** 184 SPACES  
**PARKING RATION:** 1.1 SPACES PER UNIT

## PROJECT DIRECTORY

**DEVELOPER** SUTTER COMMUNITY AFFORDABLE HOUSING  
ATTENTION: GUS BECERRA  
1455 BUTTE HOUSE ROAD  
YUBA CITY, CA 95993  
(530) 671-0220 ext. 113  
EMAIL: g.becerra@regionaha.org

**DEVELOPER** SAGE HOUSING GROUP LLC  
ATTENTION: LUKE WATKINS  
2745 PORTAGE BAY EAST  
DAVIS, CA 95616  
(530) 400-2927  
EMAIL: lukewatkins@sbcglobal.net

**ARCHITECT** KUCHMAN ARCHITECTS PC  
ATTENTION: PHIL HARVEY  
2203 13TH STREET  
SACRAMENTO, CA 95818  
PHONE: (916) 447-3436  
FAX: (916) 447-3466  
EMAIL: phil@kuchman.com

**LANDSCAPE ARCHITECT** TOM SMITH ASSOCIATES  
ATTENTION: TOM SMITH  
6921 ROSEVILLE ROAD  
SACRAMENTO, CA 95842  
PHONE: (916) 349-7376  
EMAIL: tessocia@yahoo.com

## SHEET INDEX

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L1	PRELIMINARY LANDSCAPE PLAN
L2	LEGENDS, NOTES, DETAILS, SHADING CALCS

## BUILDING AREA SUMMARY

	UNIT TYPES A-AC, A 1 BD/1BA	B-AC, B 2 BD/1BA	C-AC, C 3 BD/2BA	TOTAL UNITS PER BLDG	TOTAL UNIT / BLDG SQ. FT.	TOTAL COVERED WALKWAY	TOTAL INTERIOR AND COVERED WALKWAY
LIVING SQ. FT.	512	687	920				
STORAGE SQ. FT.	20	20	28				
WH/CLOSET SQ. FT.	-	-	-				
PATIO SQ. FT. (COVERED)	65	98	142				
<b>BUILDING &amp; TYPE</b>							
BUILDING 1 - TYPE 1	12	6	6	24	18,873	840	19,713
BUILDING 2 - TYPE 4	12	6	6	24	18,873	630	19,503
BUILDING 3 - TYPE 1	12	6	6	24	18,873	840	19,713
BUILDING 4 - TYPE 4	12	6	6	24	18,873	840	19,713
BUILDING 5 - TYPE 1	12	6	6	24	18,873	840	19,713
BUILDING 6 - TYPE 5	10	5	5	20	16,873	630	19,503
BUILDING 7 - TYPE 2	10	5	5	20	15,728	630	16,358
BUILDING 8 - TYPE 3	8	4	4	16	12,583	420	13,003
<b>TOTAL RATIO</b>	88 50%	44 25%	44 25%	176 100%	141,849	5,670	147,519
COMMUNITY CENTER				1	2,795	1,245	4,040
LAUNDRY/MAINTENANCE/ STORAGE				1	572		572
BIKE SHELTERS				2	792		1584

DECEMBER 4, 2020

**Richland Village**  
470 Bernard Drive  
Yuba City, California

COVER SHEET



A0

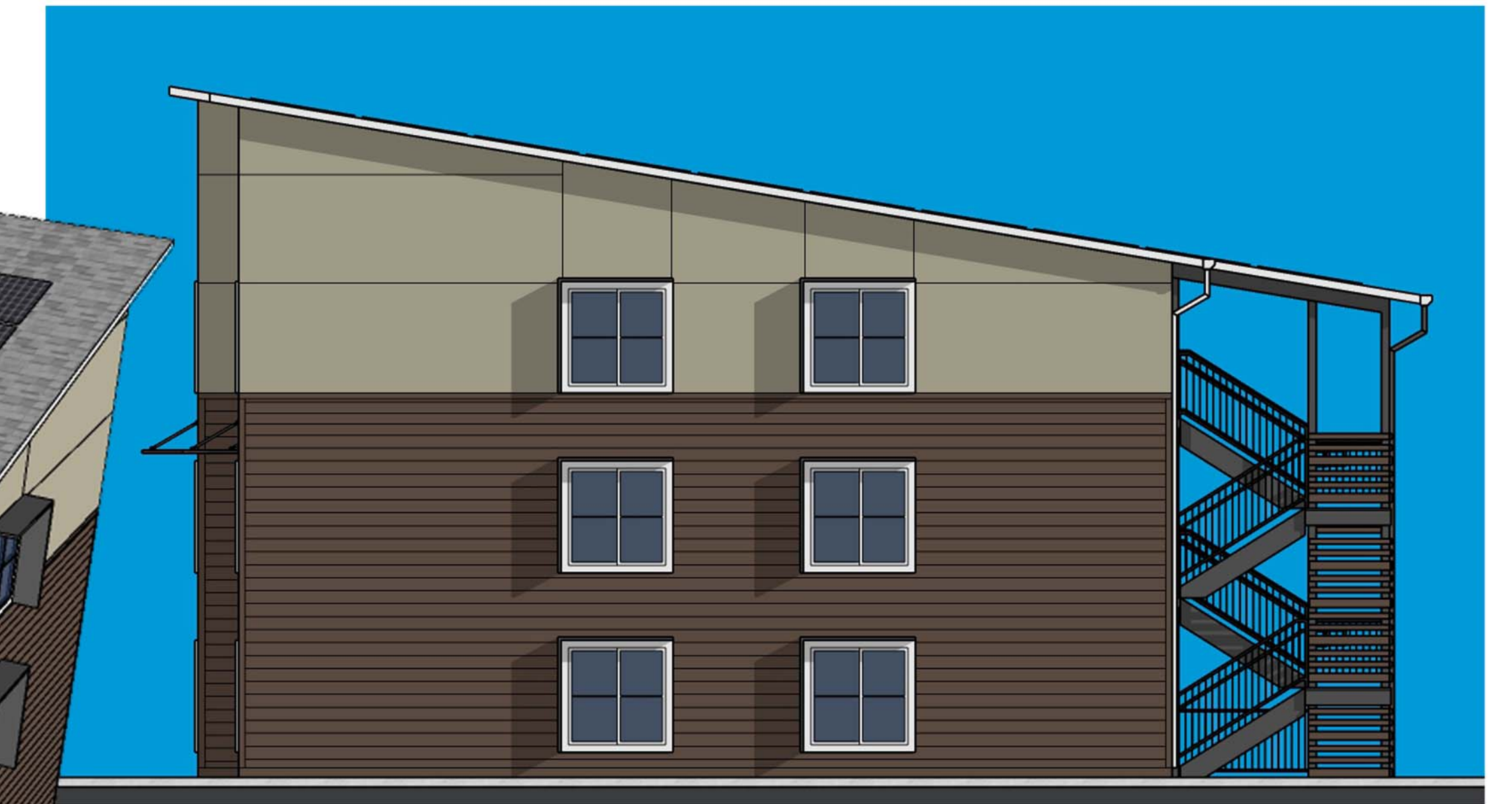
South Elevation



East Elevation



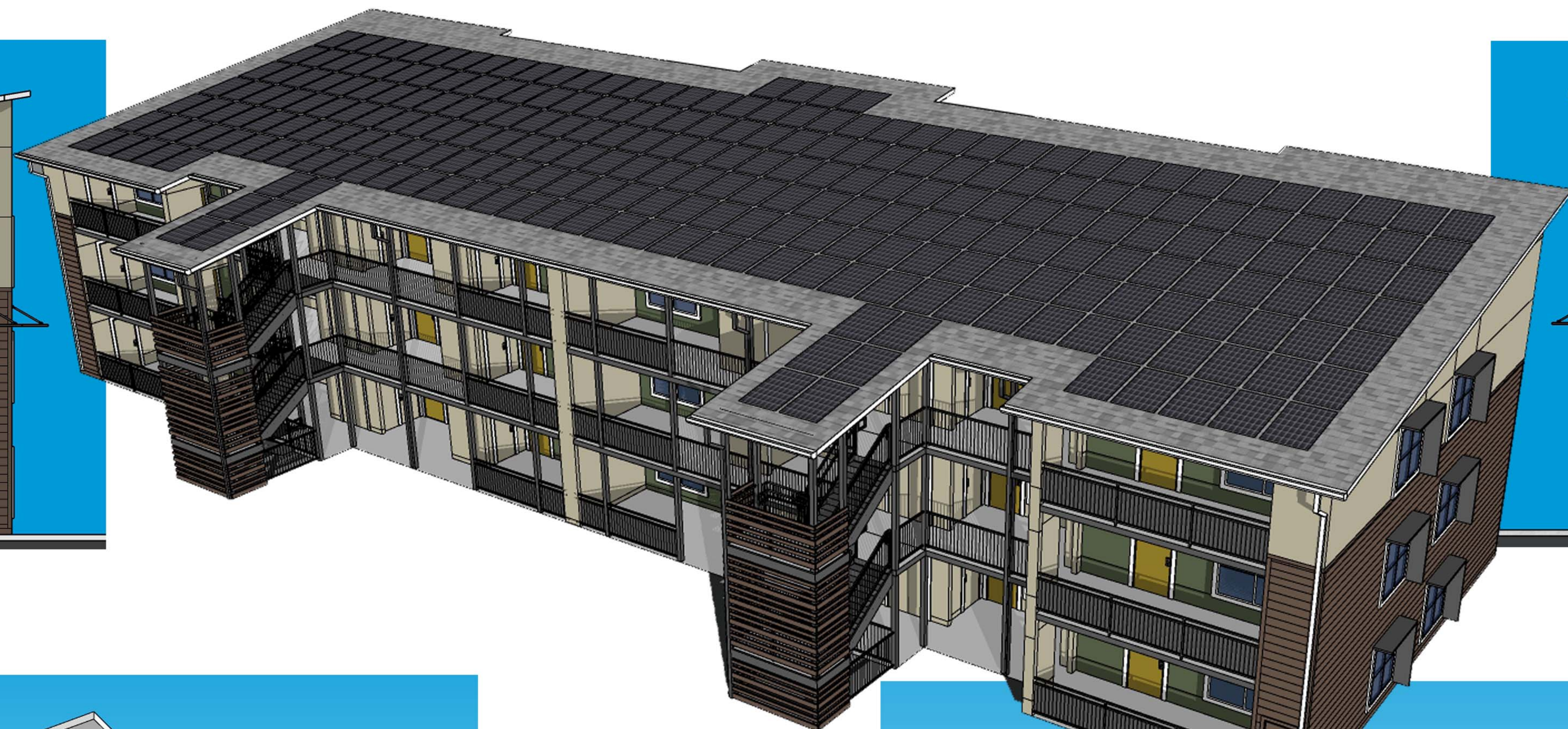
West Elevation



Northwest Perspective



Southeast Perspective



# Richland Village

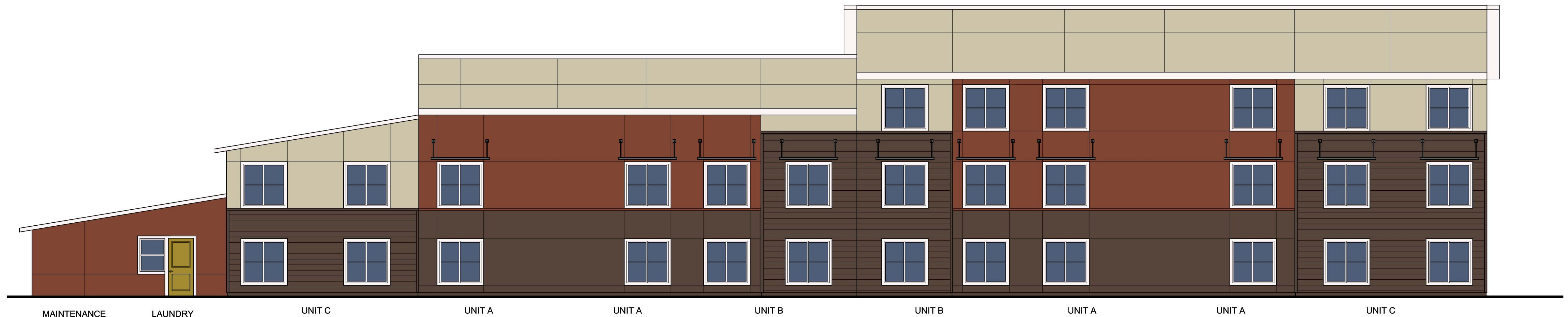
470 Bernard Drive  
Yuba City, California

TYPE 1 - COLORED BUILDING RENDERINGS

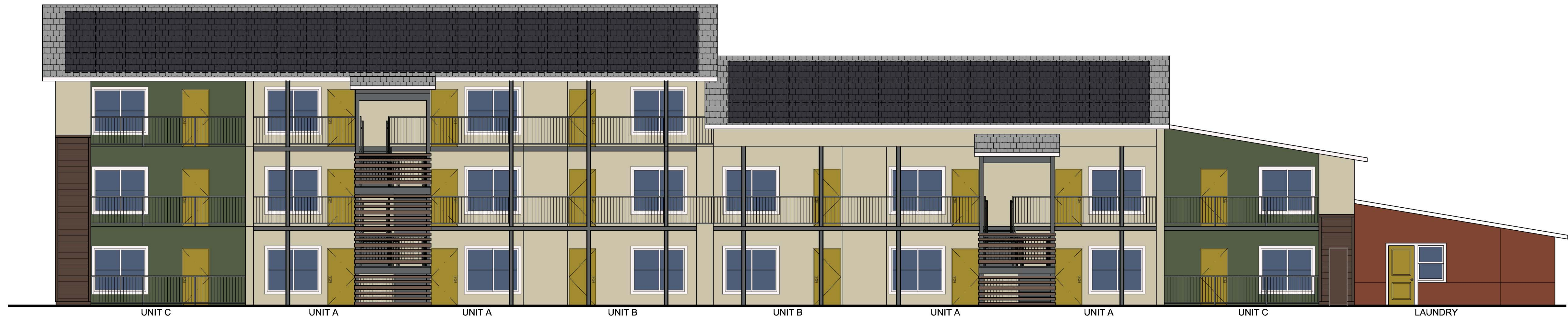


DECEMBER 4, 2020

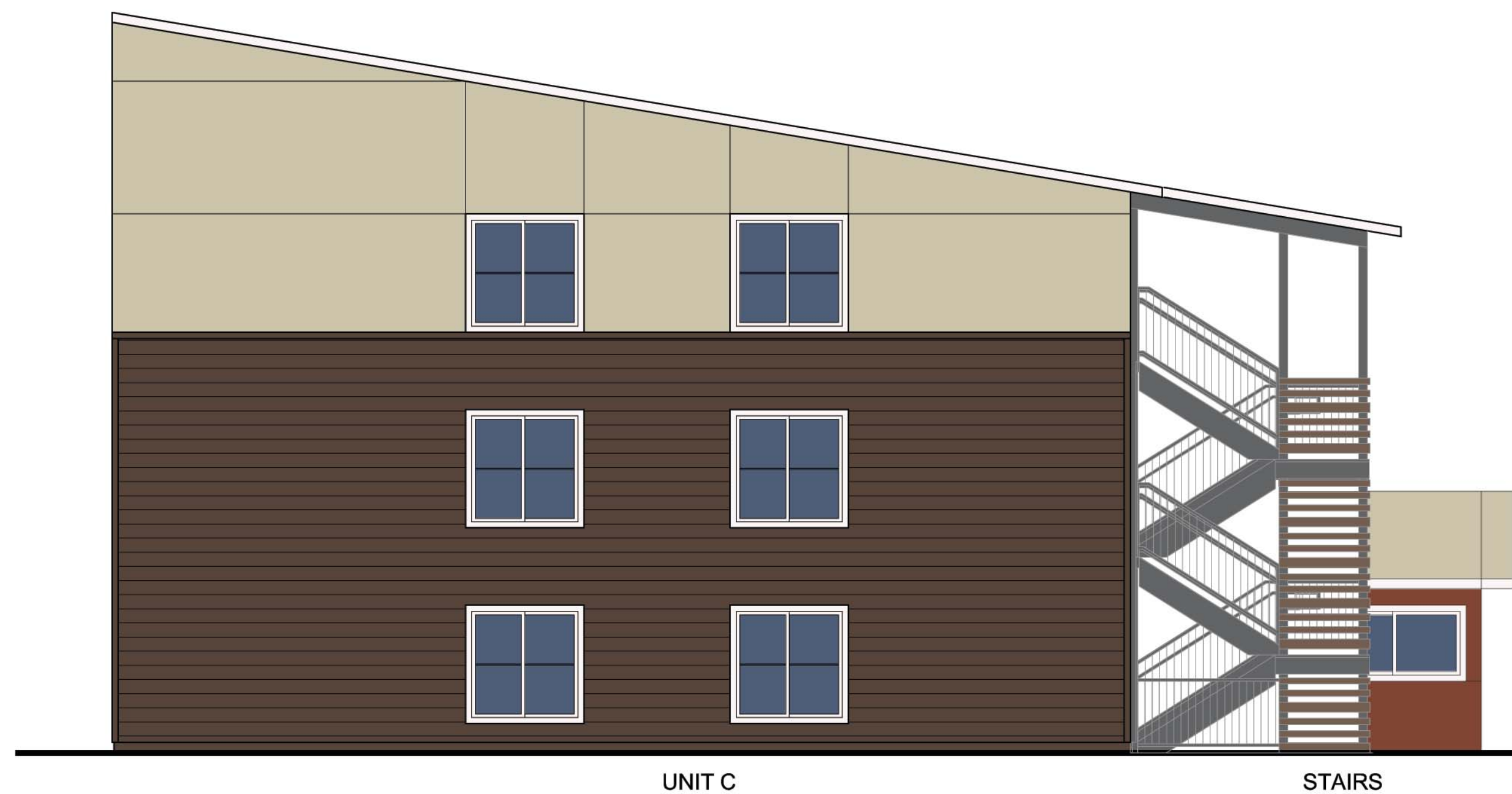
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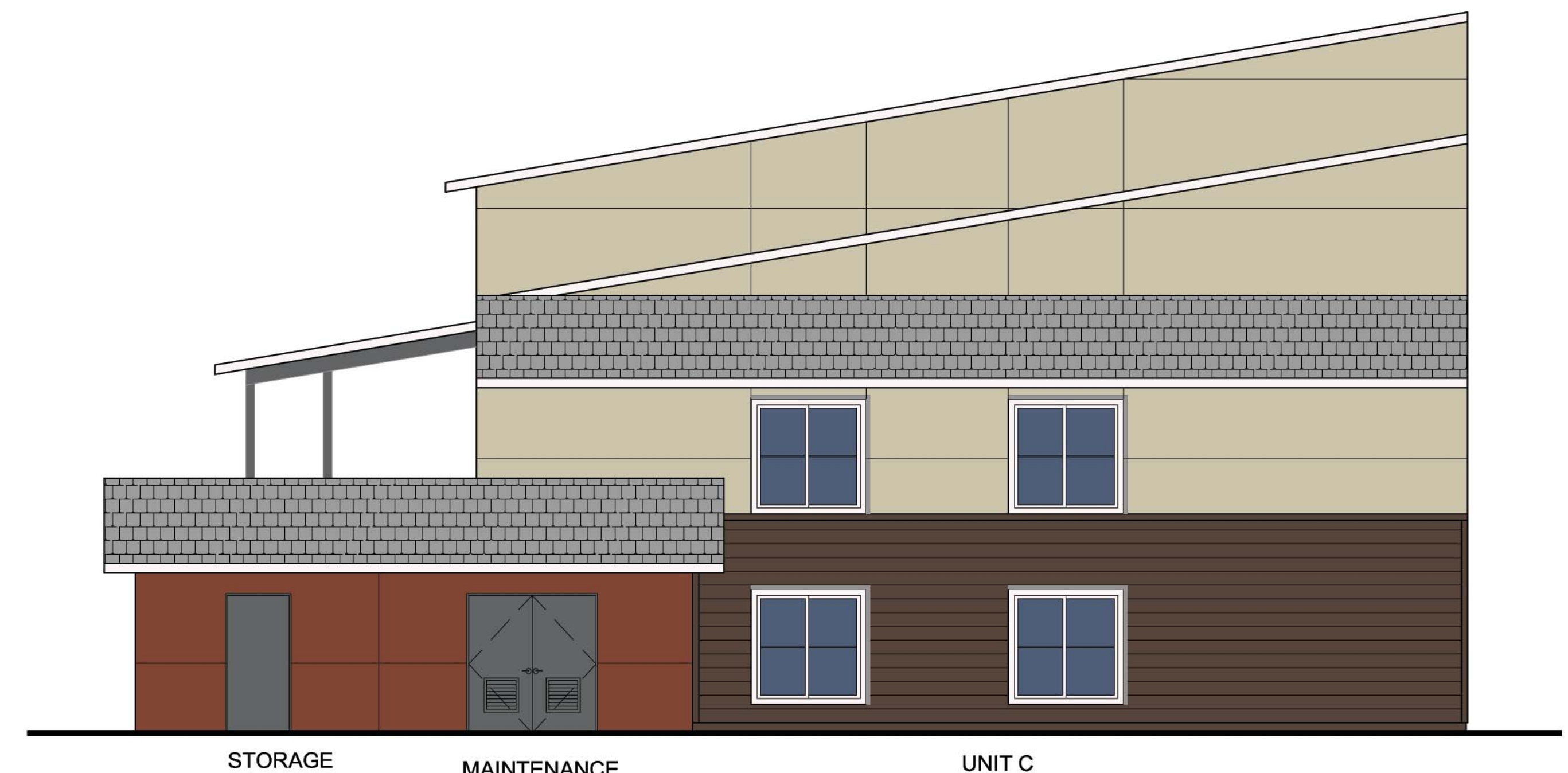
**BUILDING 7 - TYPE 2 - NORTH ELEVATION**



**BUILDING 7 - TYPE 2 - SOUTH ELEVATION**



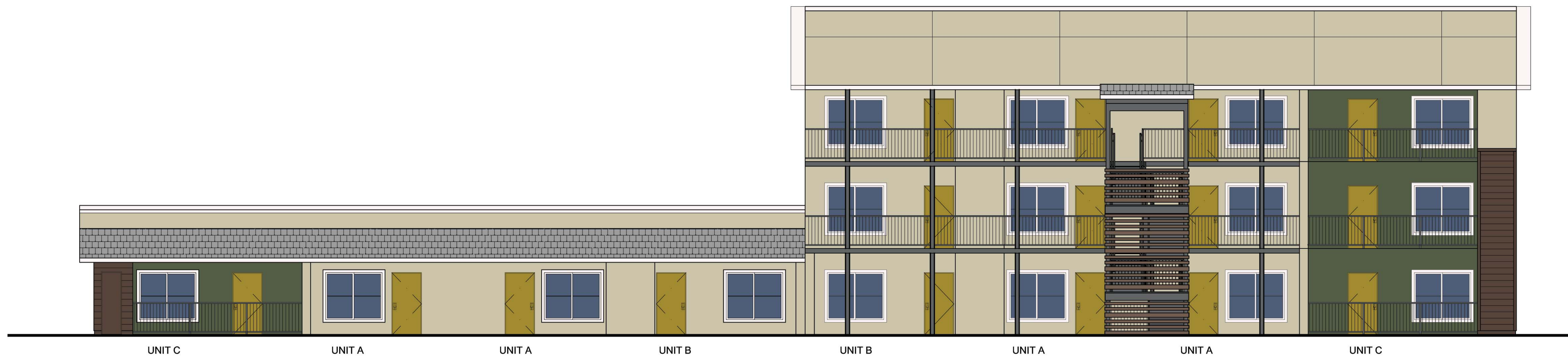
**BUILDING 7 - TYPE 2 - WEST ELEVATION**



**BUILDING 7 - TYPE 2 - EAST ELEVATION**



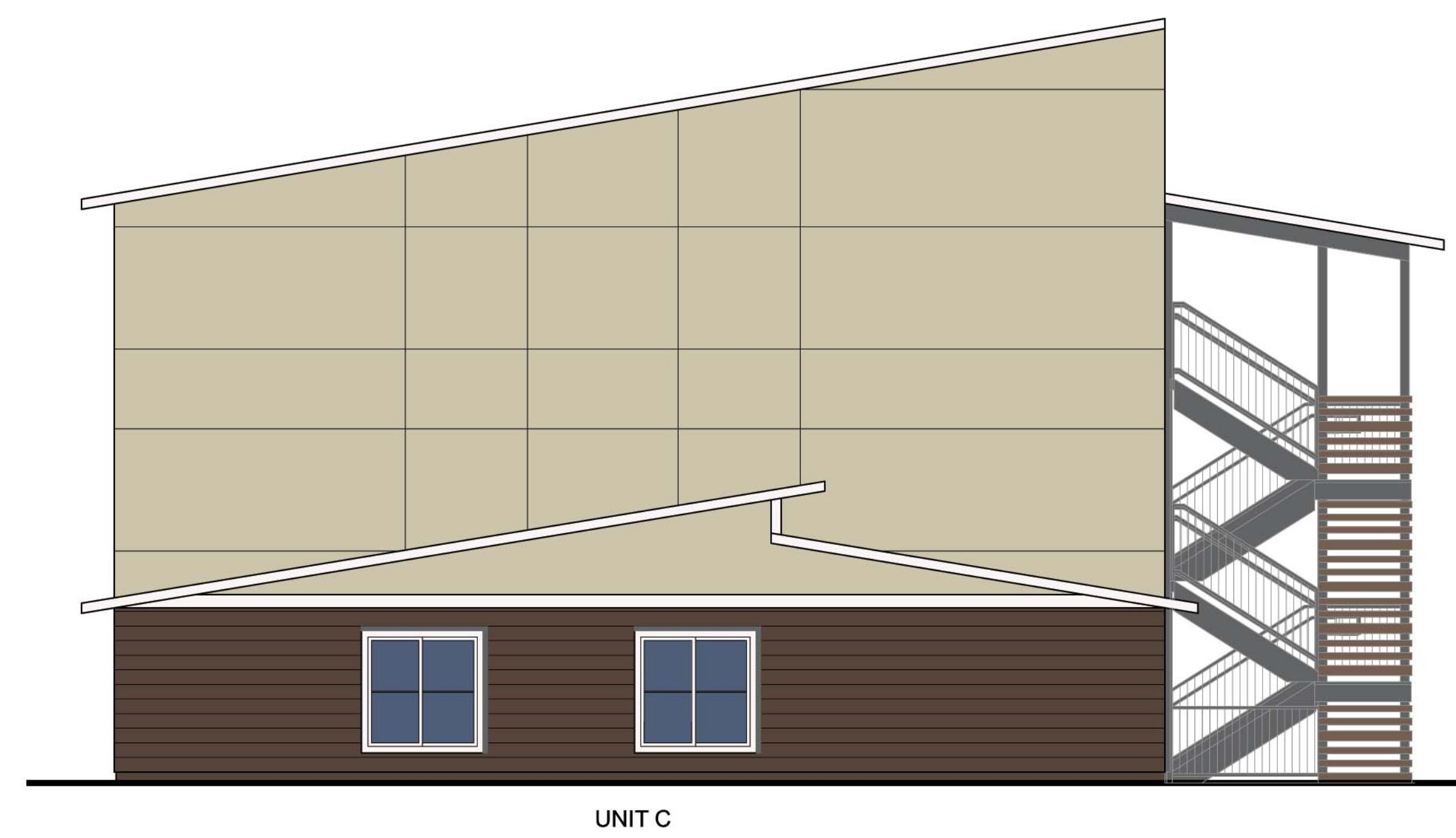
**BUILDING 8 - TYPE 3 - NORTH ELEVATION**



**BUILDING 8 - TYPE 3 - SOUTH ELEVATION**



**BUILDING 8 - TYPE 3 - WEST ELEVATION**



**BUILDING 8 - TYPE 3 - EAST ELEVATION**



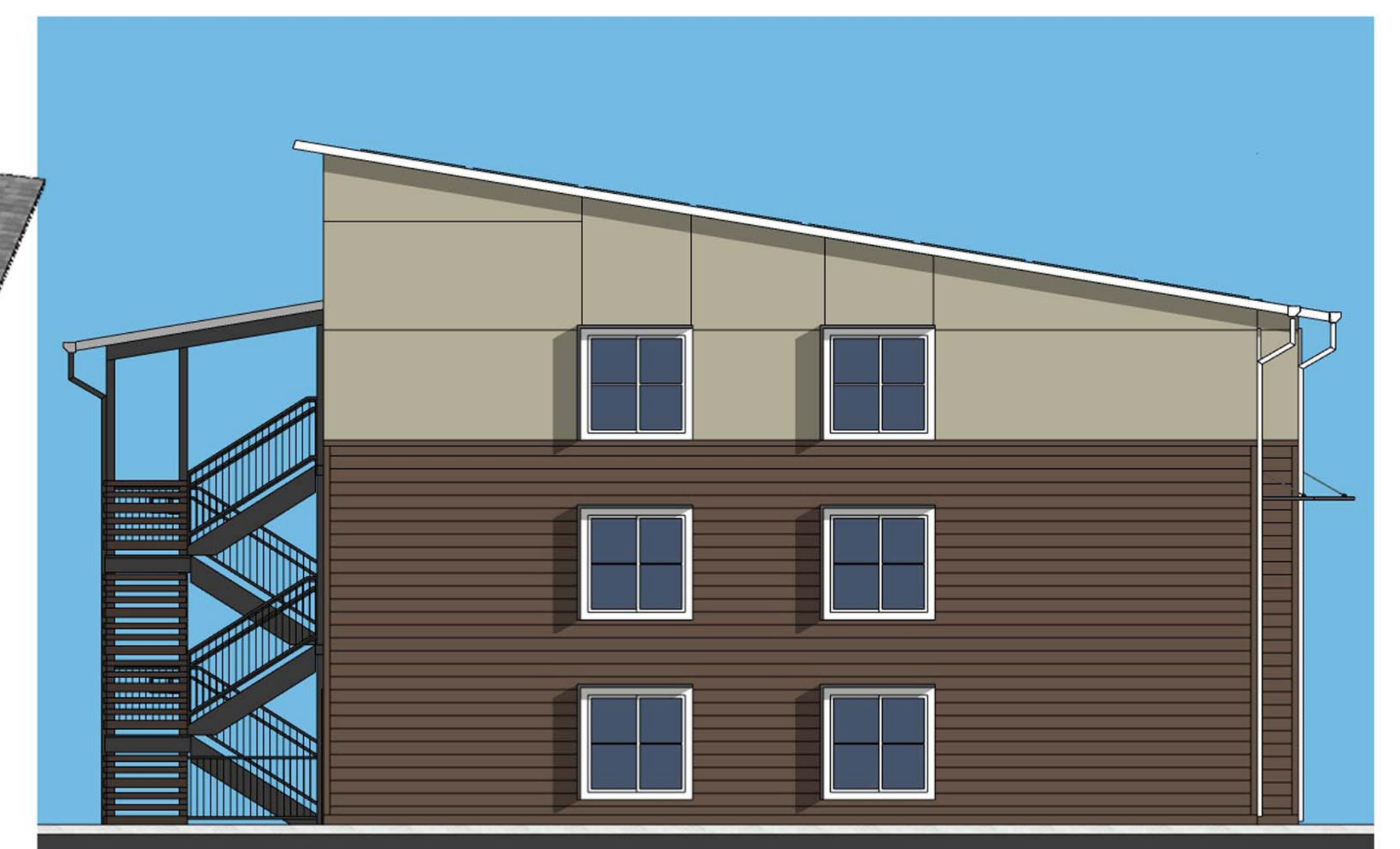
North Elevation



East Elevation



West Elevation

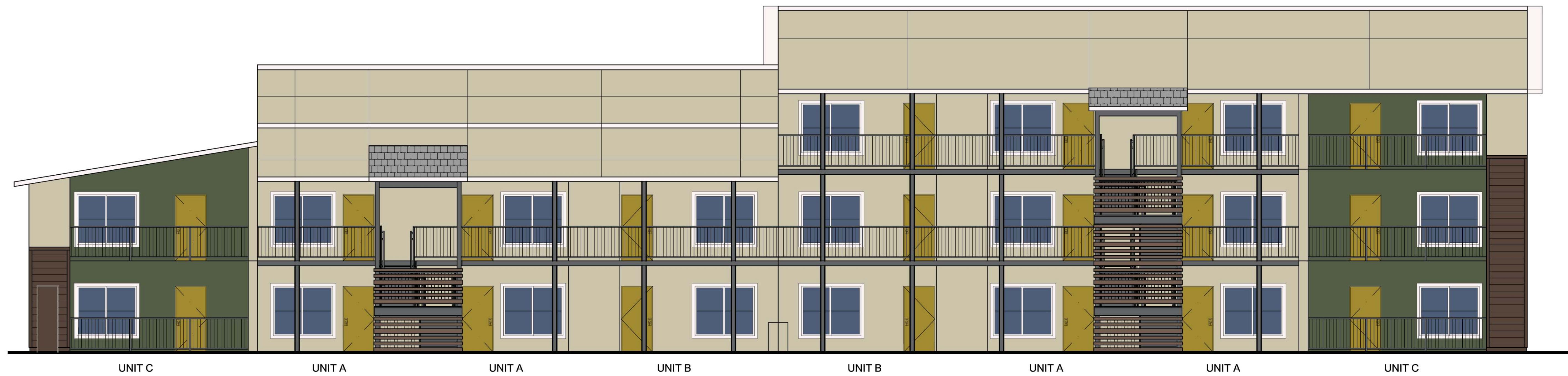


Northwest Perspective



Southeast Perspective





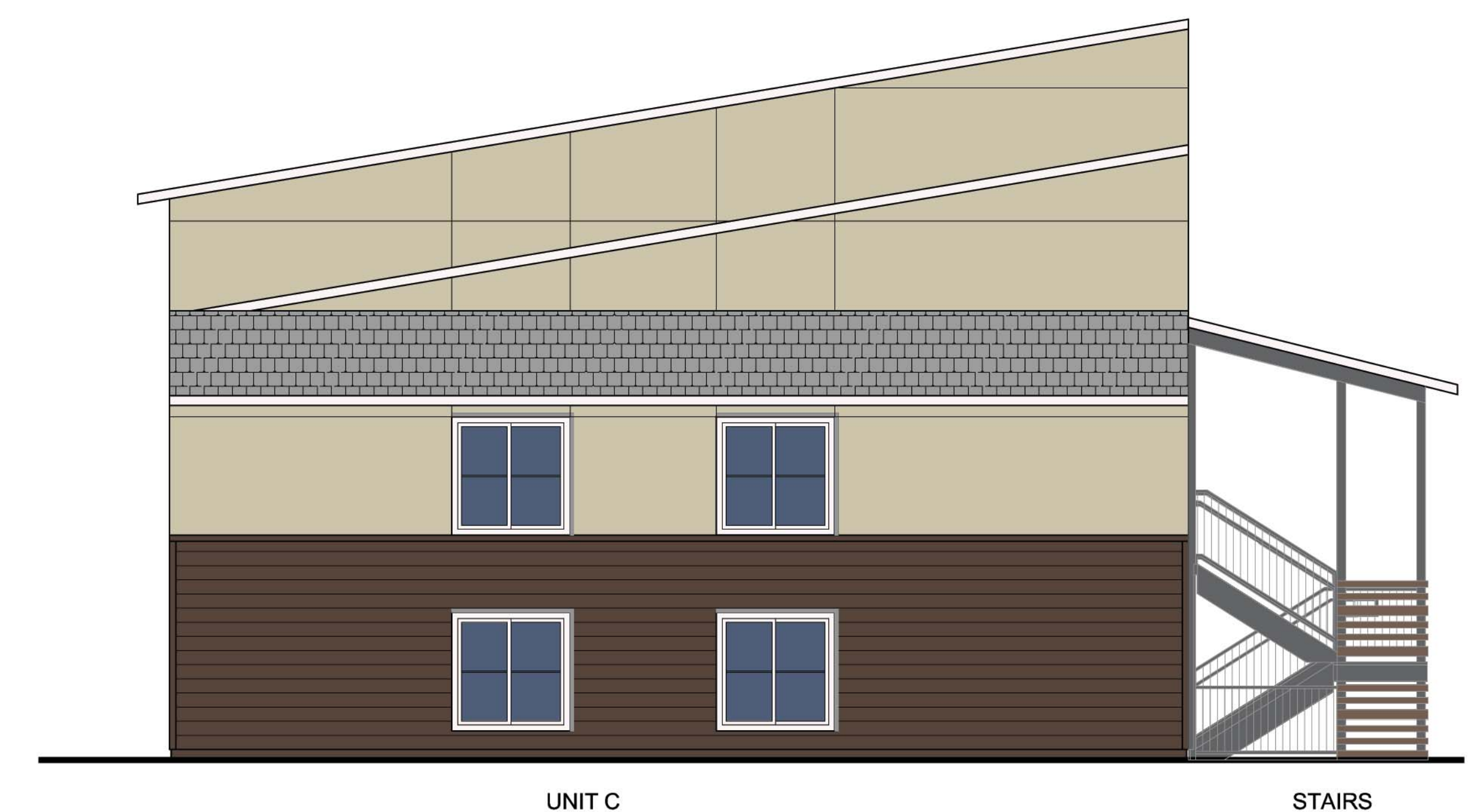
BUILDING 6 - TYPE 5 - NORTH ELEVATION



BUILDING 6 - TYPE 5 - SOUTH ELEVATION



BUILDING 6 - TYPE 5 - WEST ELEVATION



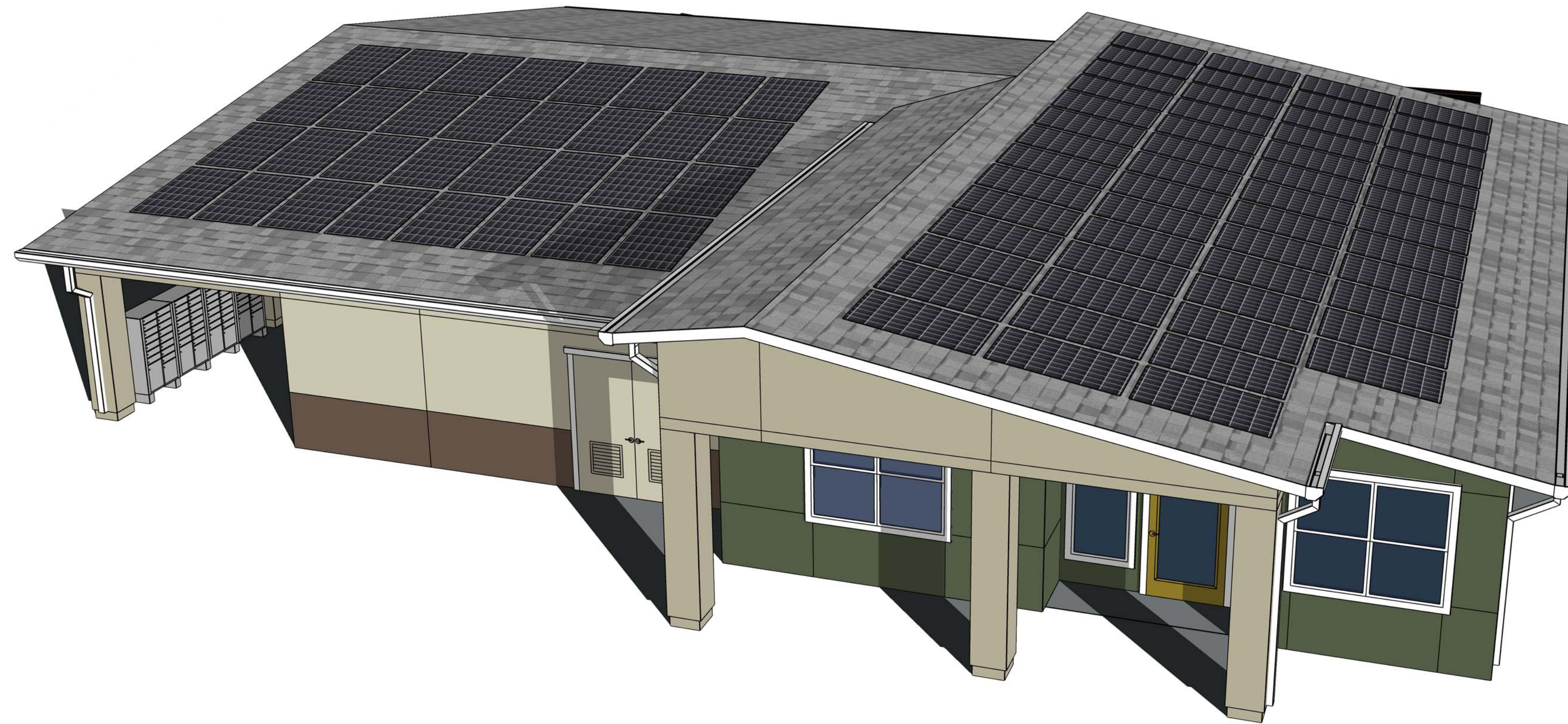
BUILDING 6 - TYPE 5 - EAST ELEVATION



South Elevation



North Elevation



Southeast Perspective

Northwest Perspective



# Richland Village

470 Bernard Drive  
Yuba City, California

COMMUNITY CENTER - COLORED BUILDING RENDERINGS



DECEMBER 4, 2020

## A3.12